

1997-98 SESSION COMMITTEE HEARING RECORDS

Committee Name:

*Joint Committee on
Finance (JC-Fi)*

Sample:

Record of Comm. Proceedings ... RCP

- 05hrAC-EdR_RCP_pt01a
- 05hrAC-EdR_RCP_pt01b
- 05hrAC-EdR_RCP_pt02

➤ Appointments ... Appt

➤ **

➤ Clearinghouse Rules ... CRule

➤ **

➤ Committee Hearings ... CH

➤ **

➤ Committee Reports ... CR

➤ **

➤ Executive Sessions ... ES

➤ **

➤ Hearing Records ... HR

➤ **

➤ Miscellaneous ... Misc

➤ 97hrJC-Fi_Misc_pt42a_LFB

➤ Record of Comm. Proceedings ... RCP

➤ **

Building Program

(LFB Budget Summary Document: Page 98.1)

LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
13,15&17	Increase of Enumeration Requirement to \$500,000 (Paper #195)
14,15&16	Exceptions to Enumeration Requirement (Paper #196)
3&4	Enumeration of Projects in 1999-2001 Biennium (Paper #197)
3&4	Enumeration of Secure Treatment Center (Paper #198)
9	Funding for Planning and Design of Projects (Paper #199)
5	WISTAR Funding (Paper #200)
6	Healthstar Funding (Paper #201)
-	Moveable Equipment Master Lease (Paper #202)
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20	Percent-for-Art Program (Paper #206)
1&18	State Fair Park Capital Budget (Paper #207)
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-	Submission of the Capital Budget (Paper #211)
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23	Minor Policy and Technical Modifications -- Debt Service on UW-Madison Athletic Facilities Maintenance (Paper #213)
1	Minor Policy and Technical Modification -- Ethan Allen Gatehouse (Paper #214)
-	Excess General Obligation Bonding (Paper #215)
-	Debt Service Estimates (Paper #216)

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Increase of Enumeration Requirement to \$500,000 (Building Program)

[LFB Summary: Page 98.10 #13 and Page 98.11 #15 and Page 98.12 #17]

CURRENT LAW

In general, the Building Commission can authorize construction of a project costing more than \$250,000 only if the project is enumerated by the Legislature in the authorized state building program. Enumeration involves the Legislature approving a list of major projects, including the proposed budget and funding source for each project.

Other provisions relating to some aspect of the building program currently use a \$250,000 limit or threshold, including:

- (a) the total project budget for minor transportation projects funded from a Department of Transportation (DOT) segregated appropriation cannot exceed \$250,000;
- (b) the State Fair Park Board can approve privately owned or operated facilities on State Fair Park grounds if the cost is \$250,000 or less; and
- (c) in general, projects costing more than \$250,000 must include an amount for fine arts of at least 0.2% of the estimated project costs. Certain types of projects are excluded from this requirement, including: (1) repair and renovation, health, safety and environmental, energy conservation, handicapped access and advance property acquisition; (2) sheds, warehouses, highways and streets, utility projects or other buildings or spaces which are not open for public entry in the normal use of the building space; and (3) game farms, fish hatcheries, nurseries and other production facilities operated by the Department of Natural Resources.

BUILDING COMMISSION

Increase from \$250,000 to \$500,000 the amount of construction costs that could be authorized by the Commission without approval of the Legislature.

Further, increase other limits and thresholds from \$250,000 to \$500,000 as follows for: (a) DOT minor transportation projects from a DOT appropriation; (b) the State Fair Park Board for privately owned or operated facilities on state-owned property; (c) the threshold for the percent for the arts program.

DISCUSSION POINTS

1. The general requirement that construction projects costing over \$250,000 must be enumerated by the Legislature in the authorized state building program was established with Chapter 154, Laws of 1969. It is intended to ensure legislative review of each major project. A project enumeration simply lists the project and budget amount as part of the 1997-99 building program. In this way, the Legislature has some measure of oversight relating to the total capital budget. Project enumerations serve as a budgetary control similar to the appropriations process for operating budgets and establish the amount and purpose of funds that are provided for a project.

2. Increasing the exception to the enumeration requirement from \$250,000 to \$500,000 would increase Commission discretion over the building program. The Commission could authorize any project that is under \$500,000, within available funding.

3. The enumeration requirement has not changed since 1969. The type of project that could be built in 1969 for \$250,000 differs from a project costing \$250,000 today. The consumer price index for all urban consumers has increased over 300% during that period. If the \$250,000 amount were adjusted by the change in CPI, it would be equivalent to approximately \$1,000,000 in 1997.

4. However, it could be argued that it was not intended that the \$250,000 threshold increase with inflation. The change in the type of project that can be constructed with \$250,000 may accurately reflect the current attitude about the types of projects that can be authorized without approval by the Legislature.

Minor DOT Projects

5. Under current law, minor transportation projects can be funded from a Department of Transportation (DOT) segregated appropriation for amounts of \$250,000 or less. This provision was enacted in 1993 Wisconsin Act 16 as part of the biennial budget.

6. Under the recommendation, the appropriation could be used for projects that cost up to \$500,000.

State Fair Park Facilities

7. Generally, the Commission must approve construction of all projects on state owned property, even when the construction is funded by private entities. However, 1993 Wisconsin Act 16 authorized the State Fair Park Board to approve construction of privately owned or operated facilities up to \$250,000 without project enumeration.

8. The State Fair Park Board is comprised of seven members and must include the Secretaries of the Departments of Development and Agriculture, Trade and Consumer Protection (DATCP), or their designees. All other members are appointed by the Governor with consent of the Senate for staggered five-year terms. The State Fair Park Board was created in 1971 as a three-member board and was attached to DATCP. The Board became an independent body in 1990.

9. Under the recommendation, the Board could authorize construction costs up to \$500,000 on state-owned property without Commission approval. Although these are constructed as privately owned or operated facilities, the state could at some point be responsible for the facilities, if the private funding were to fail, since the facilities are located on state property.

Percent-for-Arts Program

10. The percent-for-arts program in state buildings was instituted in Chapter 221, Laws of 1979, to purchase original works of art for display in or around state buildings. A representative from the Building Commission, selected by the Chair, serves on all advisory committees responsible for selecting works of art. The Arts Board is the contracting agency for acquisition of art works. Preference is given to Wisconsin artists. Fine arts are funded from the source of funds for the projects. Participating agencies assume responsibility for the installation and preservation of the work.

ALTERNATIVES TO BASE

1. Approve the Building Commission's recommendation to:
 - a. Increase from \$250,000 to \$500,000 the size of the project that could be authorized by the Commission without approval of the Legislature.
 - b. Increase from \$250,000 to \$500,000 the project size that can be funded from a DOT segregated appropriation.

c. Increase from \$250,000 to \$500,000 the amount of construction costs that could be authorized without Commission approval by the State Fair Park Board for privately owned or operated facilities on state-owned property.

d. Increase from \$250,000 to \$500,000 the threshold for the percent-for-arts program.

2. Maintain current law.

Prepared by: Al Runde

MO# Alt #1 a b c d

JENSEN	<input checked="" type="checkbox"/>	N	A
1 OURADA	<input checked="" type="checkbox"/>	N	A
2 HARSDORF	<input checked="" type="checkbox"/>	N	A
ALBERS	<input checked="" type="checkbox"/>	N	A
GARD	<input checked="" type="checkbox"/>	N	A
KAUFERT	<input checked="" type="checkbox"/>	N	A
LINTON	<input checked="" type="checkbox"/>	N	A
COGGS	<input checked="" type="checkbox"/>	N	A

BURKE	<input checked="" type="checkbox"/>	N	A
DECKER	<input checked="" type="checkbox"/>	N	A
GEORGE	<input checked="" type="checkbox"/>	N	A
JAUCH	<input checked="" type="checkbox"/>	N	A
WINEKE	<input checked="" type="checkbox"/>	N	A
SHIBILSKI	<input checked="" type="checkbox"/>	N	A
COWLES	<input checked="" type="checkbox"/>	N	A
PANZER	<input checked="" type="checkbox"/>	N	A

AYE 11 NO 5 ABS

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Exceptions to Enumeration Requirement (Building Program)

[LFB Summary: Page 98.10, #14 and Page 98.11, #15 & #16]

CURRENT LAW

In general, the Building Commission can authorize construction of a project costing more than \$250,000, only if the project is enumerated by the Legislature in the authorized state building program.

BUILDING COMMISSION

Establish an exception to the requirement that projects exceeding the enumeration threshold (\$250,000 under current law, \$500,000 under the proposed building program) be enumerated by the Legislature. Under the proposed building program, an exception would apply to three categories of projects: (1) projects for which at least 50 percent of the project is funded from federal grants or private gifts or grants which could be built without enumeration if the Commission determines that the construction is in the best interests of the state and if the Joint Committee on Finance approves the project; (2) projects to replace or repair facilities destroyed or damaged by fire, flood, windstorms or other natural disasters, if the Joint Committee on Finance approves the project; (3) if the project is financed from federal funding received under the Federal Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), as amended, together with any special assessments or other matching funding as may be available for the project; a project could include: (a) site development; (b) improvements to land or facilities; and (c) other elements eligible for funding under the Act.

DISCUSSION POINTS

Projects 50 Percent Funded from Gifts or Grants

1. The general requirement that construction projects costing over \$250,000 must be enumerated by the Legislature in the authorized state building program is intended to ensure legislative review of each major project. A project enumeration simply lists the project and budget amount as part of the 1997-99 building program. In this way, the Legislature has some measure of oversight relating to the total capital budget. Project enumerations serve as a budgetary control similar to the appropriations process for operating budgets and establish the amount and purpose of funds that are provided for a project.

2. Historically, the Legislature has delegated authority to implement the state's building program to the Building Commission. However, the Legislature has maintained control over the approval process for the building program by generally enumerating projects costing over \$250,000, and by authorizing the bonding needed to fund capital projects in separate, agency-specific bonding appropriations established for this purpose.

3. Under this proposal, if 50 percent of the funds for a major project are from gifts, grants or other funds, approval by the Legislature would not be necessary, even though up to 50 percent of the costs would be funded by the state. This could significantly reduce the level of legislative oversight for building program projects.

4. Prior to 1991, session law provisions exempted projects from enumeration requirements if they were funded entirely from gifts, grants or federal funds and if the Joint Committee on Finance along with the Building Commission approved the project. In the 1991-93 biennial budget, the Governor vetoed the requirement that the Committee approve projects during the 1991-93 biennium that were funded fully by non-state funds. In the 1993-95 biennium, the Finance Committee deleted a provision that would have allowed the Commission to authorize projects funded with 50% gifts or grants without approval of the Legislature. During deliberations on the 1995-97 biennial budget, the Committee deleted a similar provision that would have exempted any project 65 percent funded from gifts, grants or federal funds from enumeration in the state building program.

5. One argument for this proposal is that it would allow the Commission to move quickly on its own authority to approve a project, if federal or gift and grant monies become available. Further, the recommendation would continue to require Joint Committee on Finance approval for such projects. However, the Legislature has many floor periods during its legislative session, so that a project could be enumerated in a timely manner in separate legislation, if necessary.

6. An argument against this proposal is that major projects should generally be reviewed by the Legislature, because there are debt service costs associated with any bonds

issued for the project. Further, even if a project is largely funded from gifts, grants or federal funds, the state could incur future expenses in staffing, operating and maintaining a structure once constructed. A major project constructed under the sole authority of the Building Commission could limit consideration of the state-wide implications of the construction, maintenance and ongoing operating cost of the facility.

Facilities Damaged by Natural Disaster

7. Chapter 39, Laws of 1975, provided that the Governor could authorize up to \$50,000 from the building trust fund to replace or repair facilities destroyed or damaged by fire, flood, windstorms or other natural disasters without having the projects enumerated in the state building program. In 1991 Act 39, the amount was increased to \$250,000 from the building trust fund or any other funding source and the Governor was required to report any exercise of authority under this section to the Commission at its next regular meeting.

8. Staff at the Division of Facilities Development within the Department of Administration indicate that if a natural disaster destroys state-owned property, state services may be restored more quickly if the Commission would be allowed to move on its own authority to repair or restore the facility. However, the Governor currently has authority to spend up to \$250,000 for this purpose without legislative approval, and it could be argued that more substantial use of state monies should be approved by the Legislature.

9. Retaining the enumeration requirement would allow the Legislature to deliberate whether a facility destroyed by natural disaster should be rebuilt in the same fashion, expanded upon or whether the purpose for which the building was initially constructed continues to exist. Further, if the building being repaired or rebuilt is a state facility, the state would be responsible for the future operation and maintenance of the facility, which would require state funds and therefore should be reviewed by the Legislature.

10. The recommendation would require Joint Committee on Finance approval for projects destroyed by natural disaster, before the Commission could proceed in repairing or restoring a facility with a project budget exceeding the \$250,000 enumeration requirement.

Projects Funded With Federal ISTEA Monies

11. As part of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), the Surface Transportation Program (STP) was created. The Act will expire on September 30, 1997. Under STP, federal funds are provided to implement state and local plans for highways, transit and other non-highways programs. STP requires 10% of funding be used for transportation enhancements, such as scenic beautification, historic preservation and environmental-related activities. The Wisconsin Department of Transportation (DOT) administers the program in the state.

12. The University of Wisconsin has been involved with DOT for a number of projects. In the past, these projects have generally involved beautifying the streets, or putting in visitor/information centers and bike or pedestrian paths through the campuses.

13. Under current law, the Building Commission has discretion over minor projects, since projects costing under \$250,000 (\$500,000 under the proposed building program) could be constructed without enumeration. The Legislature may want to consider larger projects in the context of the entire building program. A similar provision was recommended as part of the 1995-97 building program and was deleted by the Joint Committee on Finance.

14. One factor that warrants consideration is that the Governor could use a partial veto to convert these proposed limited exceptions to the current requirement for legislative approval of projects to, instead, authorize the Commission to build any project without approval by the Legislature.

ALTERNATIVES TO BASE

1. Approve the Building Commission's recommendation to allow the Commission to authorize construction of projects costing in excess of the enumeration requirement (\$250,000 under current law), without approval of the Legislature, if:

(a) at least 50% of the project is funded from federal grants or private gifts or grants and the Commission determines that the construction is in the best interests of the state and the Joint Committee on Finance approves the project.

(b) the project repairs or replaces a building, structure or facility destroyed or damaged by fire, flood, windstorms or other natural disasters if the Joint Committee on Finance approves the project.

(c) the project is financed from federal funding received under the Federal Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), as amended, together with any special assessments or other matching funding as may be available for the project. A project could include: (a) site development; (b) improvements to land or facilities; and (c) other elements eligible for funding under the Act.

2. Take no action.

Prepared by: Al Runde

MO# _____

JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A

AYE _____ NO _____ ABS _____

To: Joint Committee on Finance
From: Bob Lang, Director Legislative Fiscal Bureau

ISSUE**Enumeration of Projects in 1999-2001 Biennium (Building Program)**

[LFB Summary: Page 98.6, #3, Page 98.7, #4]

BUILDING COMMISSION

Provide \$59,885,000 from all funding sources and enumerate the following projects for the 1999-2001 biennium.

Building Commission

Secure Treatment Center	\$30,000,000
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University of Wisconsin

Green Bay Academic Building	16,000,000
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Oshkosh Halsey Science Center	<u>13,885,000</u>
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Total	\$59,885,000
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Of the total, \$57,885,000 would be funded from general fund supported, general obligation bonding.

DISCUSSION POINTS

1. Enumerating projects for the next biennium would provide reasonable certainty that the projects would be built and those agencies that would use the building could plan accordingly. Further, knowing that the facility is approved to be built would allow DOA to

conduct more extensive design and planning for the facility to ensure that the facility could be constructed more quickly in the next biennium.

2. Frequently, the Building Commission must make difficult decisions in choosing between projects for inclusion in the state building program. One way for the Commission and the Legislature to soften the blow of an adverse decision is to enumerate the project, but with a delayed effective date for the bonding. In the last budget, two projects were enumerated as part of the 1995-97 building program, but with the limitation that the bonding for the project would not take effect until July 1, 1997. Under the Building Commission's recommendation, three projects and the related funding would be approved as part of the 1999-2001 building program, so that both the project enumeration and the bonding would not take effect until July 1, 1999.

3. Enumerating projects in the next biennium could limit the ability of the 1999 Legislature to establish its priorities for the 1999-2001 building program. If bonding is viewed as a scarce resource, and the Commission worked towards limiting the amount of general fund supported bonding to \$250 million, it is unclear whether the 1997 Legislature should advance commit \$57.9 million for the 1999-2001 building program.

4. Many projects were not recommended by the Building Commission to be funded in the 1997-99 biennium. Further, priorities associated with projects change as facility usage changes. Therefore, if projects are committed for the future biennium, it is uncertain that by the time the project is constructed, it will be the best and highest priority use of state dollars.

5. A similar concern addressed in a Legislative Audit Bureau audit on the state's transportation programs indicated the Legislature needs to consider whether the priorities given transportation projects enumerated for construction in future years may have changed. Recognizing this concern, the Committee in previous action placed a moratorium on the Transportation Projects Commission from recommending projects to the Legislature and Governor until 2002.

ALTERNATIVES TO BASE

1. Approve the Building Commission's recommendation to provide \$59,885,000 from all funding sources and enumerate three projects for the 1999-2001 biennium.

2. Maintain current law.

Prepared by: Al Runde

MO# Alt #1

JENSEN	<input checked="" type="checkbox"/>	N	A
OURADA	<input checked="" type="checkbox"/>	N	A
HARSDORF	<input checked="" type="checkbox"/>	N	A
ALBERS	<input checked="" type="checkbox"/>	N	A
GARD	<input checked="" type="checkbox"/>	N	A
KAUFERT	<input checked="" type="checkbox"/>	N	A
LINTON	<input checked="" type="checkbox"/>	N	A
COGGS	<input checked="" type="checkbox"/>	N	A

BURKE	<input checked="" type="checkbox"/>	N	A
DECKER	<input checked="" type="checkbox"/>	N	A
GEORGE	<input checked="" type="checkbox"/>	N	A
JAUCH	<input checked="" type="checkbox"/>	N	A
WINEKE	<input checked="" type="checkbox"/>	N	A
SHIBILSKI	<input checked="" type="checkbox"/>	N	A
COWLES	<input checked="" type="checkbox"/>	N	A
PANZER	<input checked="" type="checkbox"/>	N	A

AYE 11 NO 5 ABS

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

Enumeration of Secure Treatment Center (Building Program)

[LFB Summary: Page 98.6, #3 and Page 98.7, #4]

BUILDING COMMISSION

Recommend the enumeration of a Secure Treatment Center under the Building Commission in the 1999-2001 biennium that would be used as treatment facility to house persons with mental illness. Increase the Building Commission's housing state departments and agencies, general fund supported, general obligation bonding authority by \$30,000,000.

DISCUSSION POINTS

1. 1993 Wisconsin Act 479 established the involuntary civil commitment procedures for sexually violent persons (SVPs). The proposed secure treatment center would be used to assist with the commitment and treatment of SVPS committed under the act.
2. Currently, the Wisconsin Resource Center (WRC) provides mental health services to two groups of individuals: (a) persons who have been involuntarily committed under civil law as a SVP; and (b) prison inmates who have been transferred for treatment of mental health problems from the state's correctional institutions.
3. In the previous legislative session, a total of \$18.5 million in bonding was authorized to construct a second WRC building with 300 beds to accommodate the growing population of SVPs and to maintain services for prison inmates. Construction of the new WRC facility has begun and is expected to be completed by December, 1997 or January, 1998.

4. At present, mental health services for SVPs and inmates are provided at two different facilities. At the current 160-bed WRC facility, 140 beds are allocated for treatment of SVPs and one, 20-bed unit has been retained for treatment of prison inmates. In addition, WRC staff use several buildings at the Oshkosh Correctional Institution, which provides 140 beds for the treatment of prison inmates. The Oshkosh units are only intended to be used on a temporary basis. The new facility on the WRC grounds is being constructed to serve prison inmates who require mental health services.

5. Prior to 1994-95, the current 160-bed Wisconsin Resource Center (WRC) facility was used exclusively to serve prison inmates. However, with the enactment of Act 479, the current WRC facility has been increasingly used to support services for SVPs, and has served fewer prison inmates. In order to maintain treatment services for prison inmates, the Oshkosh Correctional Institution units were established as a temporary facility until the new WRC became available.

6. On December 8, 1995, the Wisconsin Supreme Court upheld the constitutionality of Wisconsin's SVP commitment law. However, a case is currently before the U.S. Supreme Court that challenges the State of Kansas' SVP commitment law. Because Wisconsin's SVP commitment law is similar to the Kansas law, the Supreme Court decision may affect the status of Wisconsin's law.

7. The proposed Secure Treatment Center project would assist with providing treatment and housing of SVPs without diminishing the treatment services provided prison inmates. However, it could be argued that the project would not have to be enumerated at this time because: (a) the decision on the constitutionality of state SVP commitment laws similar to 1993 Act 497 could impact the need for the project; and (b) under the Building Commission's recommendations, the facility could not be constructed until the 1999-2001 biennium.

8. Conversely, enumerating the project for the 1999-2001 biennium at this time would provide more certainty that if needed the building would have legislative authorization to be built. Further, knowing that the facility is in line to be built would allow DOA to conduct more extensive design and planning for the facility to ensure that the facility could be constructed more quickly in the next biennium. However, the Legislature has many floor periods during its legislative session, so that a project could be enumerated in a timely manner in separate legislation, if necessary.

9. Despite being a Department of Health and Family Service's (DHFS) capital building program request, the secure treatment center project is being recommended for enumeration in the 1999-2001 biennium under the Building Commission's housing state departments and agencies appropriation. By enumerating the facility as a Building Commission project and providing additional bonding authority to the Building Commission, if the project is not built the Commission could use the bonding authority for other purposes related to projects in the category of housing state departments and agencies. Specifically enumerating the project

under DHFS would reduce the Commission's ability to use this bonding authorized for the project in 1999-2001 for other purposes, without legislative oversight, in the event the facility is not needed.

ALTERNATIVES TO BASE

1. Approve the Building Commission's recommendation to enumerate a Secure Treatment Center under the Building Commission in the 1999-2001 biennium that would be used as treatment facility to house persons with mental illness. Further, increase the Building Commission's housing state departments and agencies, general fund supported, general obligation bonding authority by \$30,000,000.

2. Modify the Building Commission's recommendation and enumerate the facility as a Department of Health and Family Services facility. Further, reduce the Building Commission's housing state departments and agencies authorization and make a corresponding increase to DHFS's mental health facilities bonding authorization.

3. Take no action (if needed, the facility could be enumerated through subsequent legislation or in the next biennial budget process).

Prepared by: Al Runde

MO# A4#2

JENSEN	<input checked="" type="checkbox"/>	N	A
OURADA	<input checked="" type="checkbox"/>	N	A
HARSDORF	<input checked="" type="checkbox"/>	N	A
ALBERS	<input checked="" type="checkbox"/>	N	A
GARD	<input checked="" type="checkbox"/>	N	A
KAUFERT	<input checked="" type="checkbox"/>	N	A
LINTON	<input checked="" type="checkbox"/>	N	A
COGGS	<input checked="" type="checkbox"/>	N	A

BURKE	<input checked="" type="checkbox"/>	N	A
DECKER	<input checked="" type="checkbox"/>	N	A
GEORGE	<input checked="" type="checkbox"/>	N	A
JAUCH	<input checked="" type="checkbox"/>	N	A
WINEKE	<input checked="" type="checkbox"/>	N	A
SHIBILSKI	<input checked="" type="checkbox"/>	N	A
COWLES	<input checked="" type="checkbox"/>	N	A
PANZER	<input checked="" type="checkbox"/>	N	A

AYE 16 NO 0 ABS

<p>To: Joint Committee on Finance</p> <p>From: Bob Lang, Director Legislative Fiscal Bureau</p>

ISSUE

Funding for Planning and Design of Projects (Building Program)

[LFB Summary: Page 98.9, #9]

CURRENT LAW

Planning and design funds are currently provided from the building trust fund. Revenues to the building trust fund are any GPR funds provided by the Legislature as well as interest earnings which are retained by this segregated fund. Balances from the building trust fund are allocated by the Building Commission for advanced planning, among other activities, and the fund is reimbursed from bond proceeds for funds advanced for project planning and design once the projects are built.

BUILDING COMMISSION

Provide \$390,000 GPR in 1997-98 in an annual GPR appropriation that would be created for this purpose for transfer to the building trust fund. Modify an existing continuing SEG appropriation from the building trust fund to specify that the GPR funds transferred could be used for the advanced planning, preliminary studies and design or be transferred to other accounts within the building trust fund.

DISCUSSION POINTS

1. Including the WISTAR and Healthstar projects, for which much of the bonding could not be released until the 1999-2001 biennium, the recommended 1997-99 state building program would enumerate approximately \$641.3 million in projects to be funded from all

sources. If enumerated, these projects (excluding out-year WISTAR and Healthstar projects), with the Building Commission approval, could be planned for and constructed during the 1997-99 biennium.

2. Planning funds are generally advanced from the building trust funds, and when a project is constructed, a portion of the bonding proceeds or other funds used to finance the project are reverted back to the building trust fund to cover the costs of planning and design. DOA Division of Facilities Development (DFD) staff indicate that approximately \$8.7 million in planning funds would be needed for planning and design associated with proposed project enumerations for the 1997-99 biennium.

3. Although the Building Commission is requesting \$390,000 in planning funds to be deposited to the building trust fund and used for project planning and design purposes, DFD staff indicate a need of approximately \$1.9 million in additional planning funds in the biennium. However, DFD staff indicate that approximately \$1.7 million of this amount is attributable to advance planning for projects that are recommended to be, or may be, enumerated in the next biennium.

4. DFD staff indicate that current planning cost estimates and bonding reversions to the fund are only estimates and they believe that the Commission could have sufficient funds to plan for all the projects recommended for enumeration in the 1997-99 state building program. However, if the Commission would advance plan for projects not yet enumerated, the fund would likely end the biennium in a negative cash position.

5. Generally, the highest priority for the release of planning funds is for a building project that has been enumerated for construction in the current biennial state building program. Further, similar to concerns over enumerating projects in the out years, planning for projects in the next biennium could limit the ability of the 1999 Legislature to establish its priorities for the 1999-2001 building program. This could occur because once a project is planned for, there may be pressure on the subsequent Legislature to enumerate and construct the facility.

6. Advanced planning of future projects offers potential advantages to the state. Project implementation in the 1999-2001 biennium could be significantly accelerated if advanced planning funds would be released in the 1997-99 biennium. In addition, the Building Commission would have more detailed design and cost information available to it when considering these projects for the 1999-2001 building program.

7. If the \$390,000 in funding would not be provided, the Commission could likely meet its planning needs for projects enumerated in previous biennia and those proposed for enumeration in the 1997-99 state building program. However, providing no additional funding would limit the ability of DFD and the Commission to conduct advanced planning for projects yet to be enumerated or those proposed for enumeration in the 1999-2001 building program.

8. One other factor that warrants consideration is that the Commission currently has approximately \$490,000 available to it in the Joint Committee on Finance's GPR supplemental appropriation from the sale of surplus lands. If the Commission requests release of these monies before the end of the fiscal year, they would be deposited to the building trust fund and could be used to support advanced planning, or for other Commission activities.

ALTERNATIVES TO BASE

1. Approve the Building Commission's recommendation to provide \$390,000 GPR in 1997-98 in an annual GPR appropriation that would be created for this purpose for transfer to the building trust fund. Further, modify an existing continuing SEG appropriation from the building trust fund to specify that the GPR funds transferred could be used for the advanced planning, preliminary studies and design or be transferred to other accounts within the building trust fund.

<u>Alternative 1</u>	<u>GPR</u>
1997-99 FUNDING (Change to Base)	\$390,000
(Change to Bill)	\$390,000

2. *Default* Maintain current law (no additional funding would be provided, however, the Commission and DOA could advance plan for projects to extent revenues in building trust fund allow).

Prepared by: Al Runde

MO# _____

JENSEN	Y	N	A
OURADA	Y	N	A
HARSDORF	Y	N	A
ALBERS	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
LINTON	Y	N	A
COGGS	Y	N	A

BURKE	Y	N	A
DECKER	Y	N	A
GEORGE	Y	N	A
JAUCH	Y	N	A
WINEKE	Y	N	A
SHIBILSKI	Y	N	A
COWLES	Y	N	A
PANZER	Y	N	A

AYE _____ NO _____ ABS _____

To: Joint Committee on Finance

From: Bob Lang, Director
Legislative Fiscal Bureau

ISSUE

WISTAR Funding (Building Program)

[LFB Summary: Page 98.7, #5]

CURRENT LAW

The Wisconsin Initiative for State Technology and Applied Research (WISTAR), was created in 1991 Act 39 (the 1991-93 budget), as an eight-year statewide program to fund research and technology projects. The program includes projects relating to the construction of new research facilities, renovation and remodeling of existing research facilities, upgrading the infrastructure supporting research facilities and renovation of facilities which house applied research programs. Under current law, the amount of general obligation bonding authorized for the program increases from \$130 million in 1996-97 to \$150 million on July 1, 1997, which is the full amount of funding identified at the time the program was created in 1991. In addition, Act 39 created an enumeration for \$75 million of gifts and grants related projects for the WISTAR program.

BUILDING COMMISSION

Decrease the amount of general fund supported borrowing authorized for the Wisconsin Initiative for Technology and Applied Research (WISTAR) program prior to July 1, 1998, from \$150 million to \$130 million. Restore the amount of bonding authorized for the WISTAR program to \$150 million between July 1, 1998 and June 30, 1999, and increase the WISTAR bonding to \$170 million thereafter. Currently, \$150 million in bonding is available for the program as of July 1, 1997, and thereafter. The overall amount authorized for the program would be increased by \$20 million to \$170 million.

Specify that the general fund borrowing authorized (\$170 million after July 1, 1999) could be used for either WISTAR or the proposed Healthstar program. Further, provide that the Building Commission could authorize projects under WISTAR without specific enumeration in the state building program.

Provide that the Building Commission could adjust the amount enumerated for any WISTAR project listed in 1991 Act 39, provided the total amount of general fund supported borrowing for all WISTAR projects does not exceed the authorized amount. Further, require the Building Commission to determine, before authorizing any WISTAR project, that there are sufficient gifts, grants and other receipts received for the project so that those receipts account for at least 50% of the total funding for all WISTAR projects enumerated as partially funded from gifts and grants.

DISCUSSION POINTS

1. The Building Commission's recommendations would extend the WISTAR program into a ninth year and would provide an additional \$20 million of general obligation bonding, which could be used for WISTAR or Healthstar projects. In addition, the Commission could authorize other WISTAR and Healthstar projects without enumeration in the state building program.

2. Summaries relating to WISTAR indicate that there would be the need for an additional \$12.5 million of general obligation bonding to fund remaining projects in this area. In addition, \$7.5 million would be utilized for a project that is currently viewed as part of the Healthstar proposal. Further, the UW has indicated that it believes it can generate additional gift and grant funding for WISTAR projects, and needs an increase to the project enumeration to allow these monies to be utilized. The Building Commission recommendations represent one approach to accommodate this program expansion.

3. The Legislature uses project enumerations to maintain a degree of legislative oversight over the state building program. The recommendation which would allow the Commission to authorize WISTAR projects without enumeration would significantly reduce the role of the Legislature in reviewing these projects. Using this language, the Commission could build any project categorized as WISTAR or Healthstar, subject to the limit of available funding.

4. An alternative that would utilize project enumerations would be to: (a) establish a project enumeration for WISTAR projects with \$12.5 million of GPR supported bonding and specify that the bonding would be created on July 1, 1999; (b) establish a project enumeration for Healthstar projects with \$7.5 million of GPR supported bonding and specify that the bonding would be created on July 1, 1999; and (c) create a project enumeration for \$25 million of WISTAR projects with gift and grant funding. This alternative would provide project enumerations that are general in nature, so that the Commission would have flexibility in

implementing these WISTAR projects, but that would be more specific than providing Commission authority to build any WISTAR or Healthstar project without enumeration.

ALTERNATIVES TO BASE

1. Approve the Building Commission's recommendation.
2. Delete the Building Commission's recommendation and, instead: (a) establish a project enumeration for WISTAR projects with \$12.5 million of GPR supported bonding and specify that the bonding would be created on July 1, 1999; (b) establish a project enumeration for Healthstar projects with \$7.5 million of GPR supported bonding and specify that the bonding would be created on July 1, 1999; and (c) create a project enumeration for \$25 million of WISTAR projects with gifts and grants funding.

3. Take no action.

Prepared by: Dave Loppnow

MO# AH#2

JENSEN	<input checked="" type="checkbox"/>	N	A
OURADA	<input checked="" type="checkbox"/>	N	A
HARSDORF	<input checked="" type="checkbox"/>	N	A
ALBERS	<input checked="" type="checkbox"/>	N	A
GARD	<input checked="" type="checkbox"/>	N	A
KAUFERT	<input checked="" type="checkbox"/>	N	A
LINTON	<input checked="" type="checkbox"/>	N	A
COGGS	<input checked="" type="checkbox"/>	N	A
BURKE	<input checked="" type="checkbox"/>	N	A
DECKER	<input checked="" type="checkbox"/>	N	<input checked="" type="checkbox"/>
GEORGE	<input checked="" type="checkbox"/>	N	A
JAUCH	<input checked="" type="checkbox"/>	N	A
WINEKE	<input checked="" type="checkbox"/>	N	A
SHIBILSKI	<input checked="" type="checkbox"/>	N	A
COWLES	<input checked="" type="checkbox"/>	N	A
PANZER	<input checked="" type="checkbox"/>	N	A

AYE 14 NO 1 ABS